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2005 state budget agreements focus on job growth and economic stimulation while protecting core education funding

LANSING – Michigan will be in a better position to create jobs in the new economy because of the 2005 state budget agreements reached today in Lansing, announced Sen. Beverly Hammerstrom, R-Temperance.

“This budget represents the commitment my colleagues and I made to Michigan residents,” said Hammerstrom. “It is a sound agreement that confirms job creation and long-term economic stability are our highest priorities.”

The Senate Republicans pushed hard for passage of their JOBS Action Plan as a way to improve Michigan’s economic future. The latest JOBS proposals offer tax incentives to small and mid-sized businesses that invest in job creation. They are the latest in a series of 54 bills signed in less than a year that are designed at spurring economic growth.

Hammerstrom said Republicans also secured additional funding for Michigan’s fledgling life sciences industry, doubling it from \$15 million to \$30 million in 2005.

“I am pleased to see our desire to focus on high-tech jobs recognized in this budget,” Hammerstrom said. “As the chairperson of the Senate Health Policy Committee, I believe that Michigan must maintain our investment to the life sciences, particularly the bio-tech industry.”

The budget agreement announced today culminates nearly six months of negotiations between the administration and the Legislature and closes a projected \$1.045 billion deficit. The agreement sets state general fund spending at \$8.7 billion in 2005. Eliminating the deficit is achieved through \$450 million in new revenue from increased cigarette and casino taxes, and nearly \$595 million in spending cuts and budget accounting adjustments.

The agreement also keeps the state’s foundation aid payment to public schools at its current level of \$6,700 per pupil while ensuring growing school districts receive sufficient funding to meet increased demand.

“We know that education is the key to success, especially in the job market,” Hammerstrom said. “Our schools must be able to prepare our children for their future careers.”

Legislators will put the final touches on the 2005 budget when they return to session on Sept. 8 and will finish before the next fiscal year starts on Oct. 1, 2004.

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